

CHAPTER 2. ELECTRONIC FUNDS TRANSFER

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CHAPTER 2. ELECTRONIC FUNDS TRANSFER

2.1 OVERVIEW.

2.1.1 This chapter provides the provisions for using Electronic Funds Transfer (EFT) as the electronic mechanism for collecting and disbursing funds. The Federal Government utilizes electronic technologies for the management of collections and disbursements to meet goals of cost savings, paper elimination, and other efficiencies. Key EFT legislation is identified below.

- A. The Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576) provides a foundation for comprehensive reform of Federal financial management, including Federal agencies' responsibility to use timely, reliable, and comprehensive financial information and systems. The Department of Treasury's (Treasury) Financial Management Service (FMS) is tasked to promote the use of EFT for all agencies to improve their cash management practices.
- B. The Debt Collection Improvement Act of 1996, Public Law 104-134, (Section 31001, 110 Stat. 1321-358) encourages electronic collection mechanisms and requires Federal agencies to disburse payments via EFT, with few exceptions.

2.2 POLICY.

2.2.1 All funds shall be collected and disbursed by EFT when cost-effective, practicable, and consistent with current statutory authority, unless specifically waived by Treasury or statute. When one of the three criteria above cannot be met, alternative collection and disbursement mechanisms shall be determined jointly with Treasury FMS. The National Aeronautics and Space Administration (NASA) may be required to provide a supporting cost benefit analysis when an alternative mechanism is used. Users should refer to the Treasury Financial Manual (TFM), Volume 1, Chapter 8000 for guidelines in which alternative collection and disbursement mechanisms may be used.

2.2.2 Several collection and disbursement mechanisms have been developed to meet the requirements of the authorities and references in Section 2.3 below. Users should refer to Treasury's TFM for detailed information on collection and disbursement mechanisms.

2.3 AUTHORITIES AND REFERENCES.

- 2.3.1 Chief Financial Officers Act of 1990, Public Law 101-576
- 2.3.2 Debt Collection Improvement Act of 1996, Public Law 104-134, Section 31001, 110 Stat. 1321-358
- 2.3.3 31 CFR Part 202, "Depositaries and Financial Agents of the Federal Government"

- 2.3.4 31 CFR Part 206, "Management of Federal Agency Receipts, Disbursements, and Operation of the Cash Management Improvements Fund"
- 2.3.5 31 CFR Part 208, "Management of Federal Agency Disbursements." This CFR part requires Federal payments to be made by EFT, except as specified in section 208.4. This part does not apply to payments under the Internal Revenue code of 1986 (26 U.S.C.).
- 2.3.6 31 CFR Part 210, "Federal Government Participation in the Automated Clearing House"
- 2.3.7 Authority and Functions of the Director (44 U.S.C. § 3504). Authority of the Director includes goals for implementation of the Government Paperwork Elimination Act.
- 2.3.8 Federal Acquisition Regulation, Part 32.11, "Electronic Funds Transfer Regulation"
- 2.3.9 Office of Management and Budget (OMB) Circular No. A-123, *Management Accountability and Control*
- 2.3.10 Treasury Financial Manual, Volume I, *Federal Agencies*, 4- 3000, "Third Party Draft Procedures for Imprest Fund Disbursing Activities, Depositories and Financial Agents of the Federal Government"
- 2.3.11 Treasury Financial Manual, Volume I, *Federal Agencies*, 5- 2000, "Checks and Cash Received in Collections"
- 2.3.12 Treasury Financial Manual, Volume I, *Federal Agencies*, 5- 4000, "Making Deposits"
- 2.3.13 Treasury Financial Manual, Volume I, *Federal Agencies*, 5- 4500, "Deposits to Treasury Through the Fedwire Deposit System"
- 2.3.14 Treasury Financial Manual, Volume I, *Federal Agencies*, 5- 4600, "Treasury Automated Lockbox Network"
- 2.3.15 Treasury Financial Manual, Volume I, *Federal Agencies*, 5- 4700, "Plastic Card Collection Network"
- 2.3.16 Treasury Financial Manual, Volume I, 5-6000, "Disposition of Foreign Currency and Checks Drawn of Foreign Banks"
- 2.3.17 Treasury Financial Manual, Volume I, 6-4000, "Interagency Payment and Collection (IPAC) System"
- 2.3.18 Treasury Financial Manual, Volume I, 6-8000, "Cash Management"
- 2.3.19 Treasury Financial Management Service, *Cash Management Made Easy Guidebook*, Revised April 2002

2.4 ROLES AND RESPONSIBILITIES.

- 2.4.1 NASA Headquarters, Centers, Component Facilities and the NASA Shared Services Center's (NSSC) managers shall disclose to each individual who is eligible to receive a Federal benefit, wage, salary, or retirement payment and who is not already receiving payment by EFT the individual's rights and obligations under 31 CFR 208.3, 208.4(a) and 208.5t, unless payment by EFT is not required pursuant to any provision of subsections (b) through (g) of 31 CFR 208.4.
- 2.4.2 NASA procurement offices shall ensure applicable EFT clauses are in contracts/agreements.
- 2.4.3 The Secretary of the U.S. Treasury has delegated the authority to Treasury FMS to approve and select designated depositories to support government wide collection services and financial agents to act for Federal agencies. NSSC shall coordinate with Treasury FMS to establish depositories and financial agents for collections through financial institutions.